



JOHAN KLEHS

VICE CHAIR, STATE BOARD OF EQUALIZATION

FOR THE RECORD

Statement of Johan Klehs
before the
Senate Commerce Committee
Subcommittee on Communications
Hearing on
The Internet Tax Freedom Act

May 22, 1997

I appreciate the opportunity to present the views of the California Board of Equalization, the agency which oversees the administration of State and local sales, use and other taxes, regarding "The Internet Tax Freedom Act." As you may be aware, the Board of Equalization, on which I serve as vice-chairman, unanimously endorsed S. 442 and H.R. 1054.

The Board of Equalization applauds the efforts of Senator Ron Wyden and Representative Chris Cox to implement at the Federal level what California officials have embraced for our State and its localities. The State has not endorsed any new taxation of the Internet industry. California is a leader in the technology industry and is home to many Internet businesses which could easily be overwhelmed by a mishmash of taxes imposed on online service providers, information service providers, and Internet users. Further, the Internet knows no geographic boundaries and our domestic Internet businesses need a level playing field in order to remain competitive in the global marketplace. This is why the moratorium on State and local taxation of the Internet contained in S. 442 and H.R. 1054 is necessary.

Electronic commerce through the Internet is growing at a rapid pace, particularly among small business entrepreneurs. In addition, the Internet is quickly becoming an integral part of our schools' curriculum enabling our nation's children access to educational resources otherwise unavailable to them. Your support of the Internet Tax Freedom Act will go a long way towards encouraging unfettered access, growth and competition of this increasingly vital national resource.

22320 FOOTHILL BLVD., STE. 300
HAYWARD, CA 94541
(510) 247-2125
(510) 247-2130 FAX

450 N STREET, MC 71
SACRAMENTO, CA 95814-5691
(916) 445-4081
FAX (916) 324-2087